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VIA HAND DELIVERY

Ms. Rini Ghosh
Section of Environmental Analysis
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

**Re: STB Finance Docket No. 34284, Southwest Gulf Railroad Company –
Construction and Operation Exemption – Medina County, TX**

Dear Ms. Ghosh:

This will respond on behalf of Southwest Gulf Railroad ("SGR") to three questions that you have recently posed.

First, you have asked about the extent to which the Eastern Route described in SGR's June 6, 2005 letter to SEA, and discussed most recently in SGR's September 7, 2005 letter, was the product of field work by SGR, and the extent to which this alignment might cut directly through any homes in the area. SGR developed this alignment, in response to a request by SEA, after several field trips to the area by SGR/Vulcan officials, as well as an aerial inspection. All of the property over which the alignment would traverse is privately owned and SGR did not have permission to enter this property. It was therefore impossible to achieve physical access to all of the land that would be traversed by this alignment. Observations were necessarily limited to those portions of the alignment that could be inspected from public roads, as well as the aerial inspection.

Based on its inspection of the area, SGR is not aware that the Eastern Route it has described would require the removal of any homes. Further, in the event that further field inspections indicate that there are homes or other structures in the direct path of the alignment, SGR is confident that the alignment could be refined upon final engineering to avoid any homes or other structures that might exist within the right of way.

The Cultural Resources Reconnaissance Survey Report of the Eastern Route undertaken by SGR's cultural resources consultant, GTI, was also based on field observations of the Eastern Route, as described in that Report. As in the case of the field inspections undertaken by SGR/Vulcan, these were

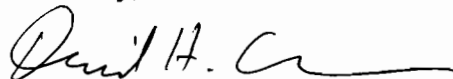
necessarily limited to observations of the alignment from public roads. Based on those observations, GTI did not identify any homes or structures in the direct path of the alignment so as to require their removal. Certain other homes and other structures in the area proximate to the alignment are shown on Figures 15 and 16 of that Report.

Second, you inquired as to the speed of trains that would operate over the line, and specifically about the extent to which speeds will exceed 25 miles per hour, and what the maximum speed of trains operating on the line might be. Your question, we understand, was occasioned by a statement at pages 12-13 of SGR's September 7, 2005 letter that, "the average speed of trains operating on the line may be 25 miles per hour and therefore top speeds are expected to exceed 25 miles per hour." SGR hereby clarifies the above statement to eliminate any suggestion that trains operating on the SGR line would significantly exceed 25 miles per hour. While SGR anticipates that track geometry will allow for a maximum speeds of 40 mph on all or most of the alignments under review, SGR does not anticipate that trains will generally operate at that speed. Rather, SGR expects that the typical speed of its trains will be 25 miles per hour. Train speeds will obviously be somewhat slower as the trains approach the quarry and possibly near the intersection with the UP line. While a train might also occasionally exceed 25 miles per hour by some modest measure (and the degree to which this could happen will depend to some degree on the curves and grade of the alignment that is ultimately constructed), SGR believes that 25 miles per hour likely will be the most frequently experienced speed of the trains.

Third, you have inquired about the extent to which SGR will operate trains during nighttime hours, which we understand SEA has defined as the period between 10 pm and 7 am. SGR anticipates that most train operations will occur between 7 am and 10 pm, but that due to operational constraints of the Class 1 carriers or the needs of Vulcan or other SGR customers, nighttime operations may be required at times. It is obviously difficult to know with any certainty at this time the hours during which any particular train movement will operate as this will depend to a considerable degree on the operational needs of other railroads and customers. SGR nonetheless understands that SEA needs to work with a reasonable assumption about the level of such nighttime operations for purposes of noise and perhaps other analyses of the impacts of SGR operations. In that regard, SGR believes that it would be reasonable to assume that one out of every six round trip train operations would take place during nighttime hours. In SGR's view, this is a liberal or "worst case" assumption as actual nighttime operations might in fact prove to be less frequent.

Please let me know if you have any further questions.

Sincerely,



David H. Coburn

Attorney for Southwest Gulf Railroad Company

cc: Ms. Vicki Rutson, Chief, SEA
Ms. Jaya Zyman-Ponebshek, URS
Mr. Tom Ransdell, SGR